

ANGLO-CANADIAN TELEPHONE
COMPANY

*Twelfth Annual
Report
1946*

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ANGLO-CANADIAN TELEPHONE COMPANY

231 St. James Street, West
MONTREAL

25th March, 1947.

TO THE SHAREHOLDERS:

There is submitted herewith on behalf of the Board of Directors, the Twelfth Annual Report of the Anglo-Canadian Telephone Company covering the calendar year 1946.

During the year the Company sold a new issue of 100,000 shares of $4\frac{1}{2}\%$ Cumulative Preferred Stock, and out of the proceeds called for redemption on 1st August, 1946 its outstanding 82,600 shares of $5\frac{1}{2}\%$ Cumulative Preferred Stock at \$55.00 per share. The funds remaining after the redemption of the $5\frac{1}{2}\%$ Preferred Stock provided additional working capital for the Company.

The situation with respect to Philippine Long Distance Telephone Company, in which this Company owns or controls through a subsidiary 24,019 shares out of a total issued capital of 70,571 shares, is relatively unchanged. The company is again in operation with the limited facilities it has been able to restore to service. However, no settlement has been made with respect to the war damage incurred and it appears that it will be some time before that situation is clarified.

During the year, Philippine Long Distance Telephone Company asked for voluntary contributions on the part of its Shareholders to take care of payments to its pensioners and to provide for the relief and welfare of other needy and distressed former employees. This Company contributed \$12,009.50 to such a fund for itself and its subsidiary and that amount was charged to the Company's Investment Reserve.

The Board of Directors of your Company join in an expression of sorrow and regret at the passing on 30th November, 1946 of Mr. Hunter L. Gary who had been actively associated with this Company as an officer and Director since its inception. Mr. Gary gained wide experience in the telephone business over a period of forty years and his knowledge and invaluable service to this Company will be greatly missed in the years to come.

As in the past, and because of our substantial interest in the British Columbia Telephone Company, we are enclosing their Annual Report for the year 1946 which should be of interest to the Shareholders.

For the Board of Directors,

F. S. SPRING,
President.

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RIDDELL, STEAD, GRAHAM & HUTCHISON

CHARTERED ACCOUNTANTS

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MONTREAL

TO THE SHAREHOLDERS,

ANGLO-CANADIAN TELEPHONE COMPANY:

We have made an examination of the Balance Sheet as at 31st December, 1946, of Anglo-Canadian Telephone Company. In connection therewith, while we did not make a detailed audit of the transactions, we examined or tested accounting records of the Company and other supporting evidence and also made a general review of its accounting methods for the year ended 31st December, 1946.

We have not examined the accounts of all of the Company's subsidiary companies but have received and examined reports rendered by other independent auditors on the accounts of such companies not examined by us for the year ended 31st December, 1946.

The Company owns, or controls through its subsidiary, 24,019 shares of 100 Pesos each of Philippine Long Distance Telephone Company (Incorporated in the Philippine Islands) out of a total issued capital of 70,571 shares. The physical assets of that company are situated in the Philippine Islands and no provision has been made for possible capital losses resulting from the occupation of these Islands by the enemy. Audited accounts of that company are not available.

Subject to the above, we report that we have obtained all the information and explanations we have required and that, in our opinion, based upon the examination referred to above and reports of subsidiary companies rendered by other independent auditors, the accompanying Balance Sheet as at 31st December, 1946 is drawn up so as to exhibit a true and correct view of the state of the Company's affairs according to the best of our information and the explanations given to us and as shown by the books of the Company.

RIDDELL, STEAD, GRAHAM & HUTCHISON,
Auditors.

MONTREAL, 28TH FEBRUARY, 1947.

ANGLO-CANADIAN TELEPHONE COMPANY

(An Investment Company)

BALANCE SHEET

As at 31st December, 1946

ASSETS

INVESTMENTS:

Subsidiary and affiliated companies (less reserve)....	\$11,858,973.43	
Other investments.....	90,000.00	
		\$11,948,973.43

DUE FROM SUBSIDIARY COMPANIES.....		149,115.61
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CURRENT ASSETS:

Cash.....	\$ 656,428.54	
Interest receivable.....	258.22	
		656,686.76
		<u>\$12,754,775.80</u>

LIABILITIES

CAPITAL STOCK:

CUMULATIVE PREFERRED—par value \$50.00 per share—authorized 250,000 shares, issued and outstanding 100,000 shares of 4½% Preferred.....	\$5,000,000.00	
CLASS A—par value \$10.00 per share—authorized 850,000 shares, issued and outstanding 487,100 shares.....	4,871,000.00	
DEFERRED—par value \$10.00 per share—authorized 200,000 shares, issued and outstanding 200,000 shares.....	2,000,000.00	
		\$11,871,000.00
DUE TO SUBSIDIARY COMPANY.....		5,000.00

CURRENT LIABILITIES:

Accounts payable.....	\$ 4,025.88	
Accrued taxes (including provision for Dominion taxes).....	19,848.47	
Dividends accrued (subsequently declared).....	37,500.00	
		61,374.35
RESERVE FOR EMPLOYEES' BENEFITS.....		20,800.00

SURPLUS:

Reserved for general contingencies.....	\$ 25,000.00	
Unappropriated surplus.....	771,601.45	
		796,601.45
		<u>\$12,754,775.80</u>

Approved on Behalf of the Board of Directors:

F. S. SPRING, Director

EMMETT SWANSON, Director

This is the Balance Sheet referred to in our Report of this date.

RIDDELL, STEAD, GRAHAM & HUTCHISON,

Chartered Accountants,

Auditors.

MONTREAL, 28th FEBRUARY, 1947.

ANGLO-CANADIAN TELEPHONE COMPANY
(An Investment Company)

STATEMENT OF INCOME AND SURPLUS

For the Year Ended 31st December, 1946

INCOME ACCOUNT

INCOME:

Subsidiary and affiliated companies (dividends, interest and other income)	\$677,949.40	
Other companies	838.93	
		\$ 678,788.33

EXPENSES:

General and administrative expenses	\$ 68,602.08	
Interest	33,100.00	
Provision for Dominion income taxes	2,000.00	
Other taxes	293.72	
		103,995.80

Net Income..... \$ 574,792.53

APPROPRIATION FROM INCOME:

To reserve for general contingencies	25,000.00
Balance of Income	<u>\$ 549,792.53</u>

SURPLUS ACCOUNT

BALANCE AS AT 31ST DECEMBER, 1945..... \$ 900,722.19

ADD:

Balance of Income for the year ended 31st December, 1946	549,792.53
	<u>\$1,450,514.72</u>

DEDUCT:

Premium on redemption of 5½% Preferred Stock	\$413,000.00	
Expenses incurred in connection with refinancing Preferred Stock	12,684.25	
	<u>\$425,684.25</u>	

LESS:

Premium on sale of 4½% Preferred Stock \$ 50,000.00		
Transfer from Contingent Reserve provided out of prior year's earnings	150,000.00	
Transfer from Investment Reserve of realized profits to December 31, 1945 after deducting \$12,009.50 contribution to Philippine Long Distance Telephone Company	65,285.15	265,285.15
		<u>160,399.10</u>
		<u>\$1,290,115.62</u>

DEDUCT:

Dividends paid or provided for:		
5½% Cumulative Preferred Stock	\$132,504.17	
4½% Cumulative Preferred Stock	93,750.00	
Class A Stock	292,260.00	518,514.17
		<u>518,514.17</u>

Balance as at 31st December, 1946..... \$ 771,601.45

DIRECTORS

A. F. ADAMS	G. L. GRAWOLS
W. F. BENOIST	VISCOUNT HINCHINGBROOKE
R. L. BENSON	HUGH MACKAY
W. J. CAVERLEY	J. C. NEWMAN
JAMES A. CODE, JR.	SIR ALEXANDER ROGER
M. A. COLEFAX	F. S. SPRING
ERNEST E. EVANS	EMMETT SWANSON
GORDON FARRELL	A. S. TORREY
THEODORE S. GARY	F. H. WOODS
F. H. WOODS, JR.	

OFFICERS

A. F. ADAMS	- - - - -	<i>Chairman</i>
F. S. SPRING	- - - - -	<i>President</i>
JAMES A. CODE, JR.	- - - - -	<i>Vice-President</i>
GORDON FARRELL	- - - - -	<i>Vice-President</i>
CAMERON HOUGH	- - - - -	<i>Secretary and Treasurer</i>

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